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UNCLAS VIENNA 000810

SIPDIS

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SUBJECT: STATUS OF AUSTRIAN RECONSTRUCTION DISBURSEMENTS IN IRAQ

REF: STATE 36580

¶1. On March 10, Econ/Pol Counselor and Econ Unit Chief met with Michael Linhart, Managing Director of the Austrian Development Agency, to encourage expeditious disbursement of GoA assistance to Iraq. Linhart confirmed data that post had recently obtained from Lydia Saadat, the MFA's Assistance Coordinator for the Middle East.

¶2. According to Saadat, the GOA had disbursed Euro 1.27 million (USD 1.65 million) in technical assistance to Iraq by the end of 2004. There are no figures available yet for the first two months of 2005. At the Madrid Conference, Austria's total pledge amounted to Euro 16.4 million (USD 21.3 million). The pledge included:

--Euro 10.2 million (USD 13.3 million) in export credit guarantees;  
--Euro 1.84 million (USD 2.4 million) in technical assistance;  
--Euro 1.4 million (USD 1.82 million) in infrastructure assistance in 2003-2004; and  
--Euro 3.0 million (USD 3.9 million) in infrastructure assistance in 2005-2007.

¶3. Projects that have been completed and disbursed include the evacuation and emergency support for injured Iraqi children for Euro 135,000 (USD 176,000); the first phase of the "Adopt-A-Hospital" project, which is aimed at the revitalization and rehabilitation of health care in the Shatra region for Euro 150,000 (USD 195,000); and financing emergency response activities by an Austrian NGO and the UNHCR for Euro 250,000 (USD 325,000). The following projects are in an implementation phase with funds already disbursed: an Austrian-Slovenian project called "Psychological Support for Children and Families in Iraq" for Euro 200,000 (USD 260,000) and an initiative called "Strengthening Capacities Within the Iraqi MFA" for Euro 93,000 (USD 121,000). Two other projects are currently suspended with partial disbursement: the second phase of the "Adopt-A-Hospital" project, which amounts to Euro 850,000 (USD 1.1 million), and a contribution to a Red Cross Emergency Response in the amount of Euro 150,000 (USD 200,000) are currently suspended.

¶4. According to Saadat the GoA has suspended several disbursements, primarily because of security concerns and "the lack of an enabling environment." This includes Euro 10.2 million (USD 13.3 million) of export credits, administered by the Austrian Control Bank. It also includes Euro 3.0 million (USD 3.9 million) for 2005-2007 infrastructure assistance, and approximately Euro 600,000 (USD 780,000) in technical assistance.

¶5. Minimize considered.

BROWN